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 AGRICULTURAL ADJUSTMENT ADMINISTRATION

WORLD PEACE AND AGRICULTURE

Address of CHESTER C. DAVIS, Administrator of the Agricultural Adjustment Administration, before the Institute of International Relations, at Grinnell, Iowa, the evening (8 p. m. central standard time) of June 12, 1935

There is an inescapable connection between war clouds over Europe two decades ago and dust clouds over the Middle West in 1935. Shells blasted the topsoil off northern France, but their reverberations loosened the topsoil of the plowed prairies of our middle-west. True, the kind of rescue and reconstruction which American agriculture needs today is less spectacular than that needed by the European peasant sitting among the shell-torn wreckage of his farm. But even though American agriculture's need for reconstruction is less in dramatic form, less directly challenging, that need is not less real.

Some of our American farmers contributed their share of blood and suffering on the battlefields, and even those who stayed at home, out of range of the guns, felt the shock of war on their markets. When the war was over, the need of American agriculture for reconstruction—yes, and for relief and rescue too—was no less than the need in those countries which took the first wave of destruction and unbalance. Indeed, 17 years after the war we are just beginning to learn the full measure of its blight on industry and agriculture. For the American farmer the war first created an immense market and then took away, not only that extraordinary outlet, but much of his normal, pre-war outlet for exports besides. The agriculture of this country suffered far more from the devastating after effects of war than from the conflict itself.

Yes, the real effect of war, has been just as great, here. Had our country seen the forces which were at work on American agriculture after the war, expressing themselves in terms of human misery endured by the majority of our farmers during the last decade, had our vision been as great as our humanity, I believe that reconstruction measures would have been undertaken long before 1933.

Farmers' Plight is a Challenge for Reconstruction

But because that reconstruction was many years delayed and because our national consciousness was lulled by various uneconomic sedatives, we have had to endure a period in which the American farmer has needed not only reconstruction but immediate rescue or relief. We went backward to the point, in 1932, where the need of

American farmers was as dramatic, definite, and tangible as was the need of the European peasant. Our farmers were driven from their heritage of self-supporting and self-respecting citizens living in a prosperous national economy which they had served vigorously for years. Farmers were dispossessed by the tens of thousands. Many had only charity to fall back upon. In the South, 5-cent and 6-cent cotton herded them into tent houses, packing-box refuges, and dug-outs like the shelters of the unfortunate European peasants whose plight had enlisted our sympathies and called forth our contributions for their relief 15 years before. Our rugged American farmers found themselves regimented into a growing army of unfortunates, and their loss of purchasing power caused factories to close and labor to be conscripted into the army of the unemployed.

It is apparent that America's present problem and the challenge to our people today are comparable to the problems and challenges directly incident to a disastrous war; that they arise from ancient and wide-spread causes like the causes of war, deeply rooted in ugly greeds and human selfishnesses and in national and economic ambition; and finally, that reconstruction and the solution will require an effort as great, sustained, unselfish, and inspired as the effort back of the physical reconstruction of Europe and her farms.

If our national consciousness can somehow be aroused not only to a full recognition of the plight in which we find ourselves today, but to the duty and the opportunity which challenge us not only as citizens but as stewards of our state, then I am confident that our national sense of the human values will help us to find the way out whatever the price may be, whatever blow we may have to deal to some of our fettering traditions and outmoded concepts.

The real causes of the World War went a long way back of the shooting of the Austrian archduke in 1914 which finally touched off the accumulation of causes and launched the war itself. Similarly, the causes of our own national distress go back a long way before Black Thursday in October 1929, when the archdukes of Wall Street fell and the years of depression were suddenly released.

The real causes of our difficulty have their roots entangled in a chain of circumstances similarly remote. For this reason, if for no other, reconstruction cannot be the simple matter of pulling a quick economic trick out of a hat and making it work. The causes involved a change in the consciousness of the Nation and in the community of nations. The reconstruction must be as broad in its inception and as extensive in its scope as were the causes.

One of the basic causes is connected with the development of our amazing communication and transportation systems. The great railroads and communication lines have helped to bind us into a nation. Their ultimate effect will be greater national unity and understanding. But the physical construction of these systems has progressed with such rapidity that our social and mental adjustments have not kept pace.

World's Physical Progress is Ahead of Its Peoples' Habits and Thoughts

Neighboring villages, you know, or small adjoining communities have always learned to live together from the sheer force of long proximity. They had to, to live. A measure of mental and economic unity naturally developed in them as a gradual process. Always, as transportation and communication developed, the human animal gradually progressed from the family unit to the tribe, and to the state and to the nation and to the empire. It was the slow-forming history of centuries.

Then, one exciting day, we awoke with our hands full of wheels and wires and we found the world joined together. Joined together physically. But mentally and economically and politically the peoples of the world could not go ahead so fast. The machinery and opportunity for cooperation suddenly materialized, but our habits and thoughts were still far behind in the age of uncurbed competition.

Physically together; mentally and politically apart. So long as we live by the law of the jungle, as we do, we cannot throw ourselves headlong into the same cage with other lions and tigers and frail gazelles and expect harmony, or equality, or peace to dwell therein. Or progress. Either we must learn to live together in a spirit of individual, and regional, and national, and international cooperation, or the devil is to pay. Economic ambitions and political rivalries must give way to progress, or there is no progress.

Unfortunately our social inventors and our economic and political mechanics have not kept pace with the engineers of electricity and gasoline. Transportation and communication have given us a physical unity, but we have still to realize an international or even a national unity.

That is one of the basic causes of our being out of economic balance, one reason we are lop-sided.

There is another way in which we have made progress on one front without keeping abreast, along other fronts, of that bulge in our progress. I refer to our greatly increased production of goods.

Of course, having great stores of goods for happy people to consume and enjoy is a goal that society has long waited for. Always the world has wanted more goods. Suddenly we found that our mechanical engineers and our electrical inventors had left us overnight such a whirring array of gifts called mass production and power machines and wheels and assembly lines that we had a producing ability, a potential production, beyond our wildest dreams.

Studies by Department of Agriculture economists indicate that if all the men and machines made idle by the depression had been at work they could have produced, during the 5-year depression period, a new \$5,000 house, for instance, for every family in the country, on farms and in towns alike. Or if the effort had gone into building railroads, we could have scrapped the whole American railway system and rebuilt it five times over. To that extent has

new eras out of old outgrown ones before. One of the things that I can do is to point the need, to help hold the light.

The other thing that I can do is to present one common denominator solution for all these problems I have raised and for almost all our other problems too. The solution is an informed and a thinking people functioning through a workable democracy that is free from the hysteria and passions of partisan politics, free from the traditions of a past that is no longer with us, unafraid to step on toes that may need to be stepped on for the national good, and patriotic enough to sacrifice in times of peace what others sacrifice in times of war. That is the kind of a patriotic democracy in which I place my confidence.

Safe Balance Sought Between Consuming and Producing Power

Now this is not easy. Naturally, practical, sound-headed men who have been able to depend on their own rich experience to solve every problem that has challenged them before hesitate to plunge deeper, to go down now beneath the surface and operate on the fundamentals themselves. But as they are sobered by the impressive seriousness of the task that lies before them, they will gradually bring about a restatement of some of the fundamentals of our human relationships. Some of these are already being brought about as lanterns that are held point the way. As one who is especially interested in the programs and purposes of the Agricultural Adjustment Administration I want to show how that one effort of the present Government has been definitely pointing the way toward correcting some of the basic unbalances I have mentioned.

The Government's efforts have been simple and direct in their main outlines. The objective has been to attain and maintain a better, safer balance in the country between consuming and producing power. Along with the technique of mechanized industry, we finally have in this Government a frank recognition that mass consumption is vital as a balance for mass production of goods.

Heretofore one of the fundamental traditions was a recognition of the right of industry to balance consumption simply by cutting down production. It was accepted even though it meant turning millions of unemployed out of closed factories, and even though it meant maintaining prices which offered a disadvantage to great consuming groups like agriculture—a disadvantage which further aggravates the unbalance.

But during the past 2 years agriculture has been putting on a demonstration to the nation of some of the fundamentals involved. It is holding the lantern. Agriculture has—to a much smaller degree of course—practiced industry's plan of cutting down production. Not to any great extent, as I will point out in a moment, and not by any means enough to bring any economic advantage for agriculture over other groups, but only enough to accomplish two things definitely: First, to regain some of the disadvantage it has been under for so long and, second, to direct public attention to the principles itself, so that the people may decide in the future light of the demonstration whether they want to retain that principle

in our economic system of allowing only one group to control production and thus create unbalance.

Yes, agriculture has made very modest reductions indeed, and then only after the largest supplies in our history were piled up and offered at low prices. Last year, for example, 1934, in spite of all the control programs and in spite of the disastrous drought, the national agricultural production was only 15 percent below the 1929 level! Industrial production the same year was 42 percent below!

Nonagricultural industry has practiced a rigid economics of scarcity on our consumers regardless of the need and privation of the people themselves. For the last 5 years nonagricultural industry has kept its production down to only 57 percent of its 1929 level in order to maintain its precious price level at 84 percent of the 1929 level.

Reduction of Surplus Crops Held Part of Sound Control Policy

This present modest reduction in the production of surplus crops has succeeded in removing a part of the unbalance, a part of the disadvantage it bore for so long, and in addition it attracted public attention to the principle of cutting down production which industry had practiced ruthlessly for so many years before. If industry continues to berate the farmer for his modest reduction of surplus crops, industry will find it increasingly difficult to continue its real economics of scarcity on the public by cutting production so much more than the farmer ever did. I will resolutely support the right of agriculture to continue this sound control of production as long as it is necessary to maintain a measure of economic balance and an equitable purchasing power. I will point out in this connection that agricultural prices are yet below the parity level with industrial prices and that most agricultural supplies are still normal in spite of the drought.

This one demonstration by agriculture is a part of the task of pointing the way out of these conditions of unbalance in modern society. I have mentioned other unbalances and you have probably observed, as I have, that there is a certain relationship and sequence about these various examples of unbalances.

War is the worst of all the examples. It represents the tragic upsetting of a host of orderly and civilized arrangements. War in modern times is a sort of climax of unbalance resulting from causes which themselves are to be found in lack of balance in the internal economy of nations.

War has been the traditional path of escape from acute internal situations. Sometimes in the past the sequence of events has not been greatly different from those I have been describing. First, rapid development of internal improvements including communications and exploitation of resources. Then vast accumulations of goods due to the inability of consumption to keep pace with production. Then concentration of wealth and financial power in a few hands with masses of people unprovided with goods. Finally, war.

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When foreign markets are closed and buying power at home is low, unusual accumulations of goods exert great pressure on domestic and

foreign markets. But historically few nations have been able to solve the problem of developing domestic distribution systems fast enough to sell or give away extraordinary stores of goods needed by their own people. Hence, severe unbalance between production and consumption has commonly expressed itself in a great urge for forced export outlets, regardless of wide-spread want at home, and regardless of the determination of foreign nations, due to their own surpluses, to exclude imports through tariffs and embargoes. Then too, the problem of providing employment for great numbers of jobless people, with surpluses of goods already on hand, has baffled many nations.

To avert such crises, past political leaders have resorted to the ultimate in competitive devices. They have united their own people in an outburst of violence against a foreign foe. They have gathered the unemployed into their armies. They have destroyed the surpluses in battle or to feed the military machine. They have sought to open up the foreign markets by conquest. To evade all the different internal problems of unbalance and to escape annihilation by the resulting economic and political pressures at home, political and financial leaders of the past have often led their people into war abroad.

America Trying to Solve Its Problems at Home and to Maintain Peace

But if history teaches that nations can resort to war to escape the solving of human problems at home, it also teaches, but with still greater force, that war is an intolerable answer and a deadly panacea.

Today, with the world troubled by wars and threats of wars, I can think of no other development more significant than the fact that this great nation is striving mightily to face its internal problems frankly, and to solve them here at home.

The Agricultural Adjustment Administration was one of the instruments the Government brought to bear to restore balance to that unbalanced condition. Its operations comprise only one chapter in the efforts of this Government, under President Roosevelt's leadership, to face our domestic problems peacefully. But it is a chapter which has in it the essence of American effort to maintain peace.

I have mentioned some unbalances and have indicated the present efforts of this Government to correct them by meeting the problems here at home without recourse to war. I have referred to agriculture's demonstration of another way to correct the unbalance between production and consumption than the old one of stifling production regardless of inequalities between groups which only aggravate the situation.

These things have called for a systematic effort, centered upon the internal problem and contrasting conspicuously with the kind of thing which has historically ended up in war. Instead of the traditional individualistic competition among farmers, with extermination of surplus producers, this adjustment called for cooperative planning of production, with voluntary participation by large number of farmers. Instead of forced dumping of farm surpluses on

foreign markets, the adjustment plan calls for distribution of surplus commodities to people on relief rolls here at home. Increased world trade was sought by friendly negotiations instead of by trade war or conquest. In attempting to use the surpluses to feed the needy the Surplus Relief Corporation distributed to people on relief more than a billion pounds of meat from purchases made by the A. A. A. for salvaging drought-stricken cattle and sheep last year.

To understand the really broad implications both in reducing surpluses and in distributing them to people on relief, it is essential to keep uppermost in mind that it was an undertaking to solve our own problem at home, not to dodge it according to the historically dangerous pattern.

In other vital ways, the Government mobilized its powers in an effort to restore balance to the unbalanced internal economy. The civil and public works employment programs had as their objective a restoration of mass consuming power at home. This same objective was sought by Government loans to farmers, home owners, and business men. The whole program has been proposed to give the masses of the people the power to buy back and consume the products of farms and factories, so as to avoid the accumulations, the concentration, unemployment, and price collapses which so often in the past have led to war.

Friendly Foreign Trade Methods Best Way to Assure World Peace

International pledges of peace are hopeful and desirable, but it seems to me that the most practicable and effective peace insurance is insurance of those balanced internal economic conditions which are necessary for enduring peace.

Balancing internal conditions in this way is the opposite of the old imperialistic trade formula. This does not mean that we want to abandon our foreign trade. It does mean that we must avoid high-pressure development of foreign trade by exploitation of other countries. It means, instead of the old imperialism, gradual expansion of two-way trade, by friendly, normal, and peaceable methods in the spirit of give and take with our neighbors over the world.

As part of the Government's attempt to restore the Nation to prosperity and stability, Congress recently has appropriated a \$4,800,000,000 employment relief fund. Some hands are raised in horror at the magnitude of the appropriation. They are the same hands that have been raised in protest against the Government's efforts to increase farm and city buying power, and whose expressions about national problems of balance seem to be limited to demands for balancing the budget.

Relief employment expenditures should be regarded as a peace insurance fund. Is \$4,800,000,000 too much money for America to spend for that? This Nation's expenditures for war amounted to many times that. The cost in human suffering and the ultimate financial cost are incalculable, but the Nation's direct expenditures for war amounted probably to more than 25 billion dollars. If we could spend so much for national participation in destruction, why should we not spend \$4,800,000,000 for reconstruction and preven-

tion? During the war and the decade following, when American agriculture was losing its grip and capital was being drained from the country into fewer hands, there was loaned abroad more than \$10,000,000,000 of American money, only a small part of which has been repaid; generally it is in default. I have read that swimming pools, libraries, roads, and schools were built in foreign countries with this money.

How then can it be shocking to anyone that the Government should be spending money at home, to employ our own people building our own public roads, our own schools, and improvements? What kind of viewpoint have those who tell us it is right to spend money for war, but wrong to spend money for peace; that it is more proper to subsidize consumption abroad than to increase consumer buying power at home; that it is desirable to lend our money in other countries to build their roads and schools, but that public financing of employment on our own roads and schools is un-American and bad public policy? Are not these the people who believe in the old imperialistic idea?

Social and Economic Peace Should Consider Human Values

The efforts of our Government to meet its internal problems seem to me to be a statesmanlike example for this country to set for the world. Though an occasional surprising obstacle is encountered, all the evidence is that in the interests of mass buying power this country is ready to substitute some forms of cooperation for unbridled competition among citizens. For example, more than 3,000,000 farmers have voluntarily joined in adjustment programs under the Agricultural Adjustment Act. With these programs and other Government efforts, there has developed in this nation a steady trend toward supplementing political democracy with economic democracy. There is a steadily growing public understanding of the national and international importance of the issues at stake. If this nation succeeds in working out methods of economic democracy which will correct the kinds of unbalance which I have described, it may conceivably usher in a period different from the competition-ridden and war-torn past.

World peace is the goal, and by that I mean not merely military or political peace between nations, but social and economic peace among men. A real peace can be attained and maintained only if it is based on terms of equality. Political treaties signed under pressure by subjugated and beaten peoples are only scraps of paper, meaning merely temporary truce. If this country wants permanent peace, it should think harder about removing the causes of war. The same is true of the kind of world peace I am thinking about that would involve social and economic peace among the various industries and the various regions. It involves peace between labor and capital, peace between agriculture and industry, peace between the consumer and the producer. Again I suggest that the terms of such a peace must be based on equality and some new appraisals of human values. Then and not until then can we have a real world peace implemented by a workable democracy and a thinking and an informed people.